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Attorney for Plaintiff &  
Counter-defendant  
Paul Montwillo

UNITED STATES DISTRICT COURT  
FOR NORTHERN DISTRICT OF CALIFORNIA

PAUL MONTWILLO, an individual;

Plaintiff,

vs.

WILLIAM TULL, an individual; DANIEL  
GIBBY, and individual; GIBBY  
NOVELTIES, LLC dba ARSENIC & APPLE  
PIE, a California limited liability company;  
and DOES 1-100, inclusive,

Defendants.

WILLIAM TULL, an individual;

Counter-Claimant,

vs.

PAUL MONTWILLO, an individual, and  
DOES 21 through 30, inclusive,

Counter-Defendants

Case No. C 07 3947 SI

PLAINTIFF PAUL MONTWILLO'S  
PRETRIAL CONFERENCE STATEMENT

Date: June 24, 2008  
Time: 2:00 a.m.  
Court: 10, 19th Floor  
Judge: Honorable Susan Illston

Complaint Filed: August 1, 2007  
Counterclaim Filed: January 11, 2008

Trial Date: June 30, 2008

**PRELIMINARY STATEMENT**

On two separate occasions, Plaintiff attempted to communicate with Defendants via telephone to globally discuss the issues for the Joint Pretrial Conference Statement. Given Judge Illston's Order on the cross-motions for summary judgment, Plaintiff sought a discussion on

1 what issues actually remain in the case. Judge Illston determined in his Order that Montwillo did  
2 not convey an assignment to Arsenic & Apple Pie, LLC, either through the work for hire  
3 doctrine or via a written assignment. Accordingly, Judge Illston determined that the only  
4 remaining issue is whether through his conduct, Montwillo conveyed an implied non-exclusive  
5 license to Arsenic & Apple Pie, LLC, or to William Tull. Arsenic & Apple Pie, LLC is not a  
6 defendant in this case. Thus, whether Montwillo conveyed an implied non-exclusive license to  
7 Arsenic & Apple Pie, LLC is only material if Arsenic & Apple Pie, LLC is lawfully permitted to  
8 convert that license into an assignment for the purposes of conveying the copyrights to William  
9 Tull, then William Tull to Daniel Gibby, then Daniel Gibby to Gibby Novelties, LLC, and finally  
10 Gibby Novelties, LLC to the general public.

11 It is black letter law in the Ninth Circuit that implied non-exclusive licenses are not  
12 transferable without clear consent of the copyright holder. *Harris v. Emis Records Corp.*, 734 F.  
13 2d 1329, 1334 (9th Cir. 1984) (“[A] copyright license can not be transferred by the licensee  
14 without authorization...”). Since there has been no evidence whatsoever that Montwillo  
15 authorized any such conveyance, it appears that the only material issue remaining is whether  
16 Montwillo has a cause of action against Tull for the initial conveyance of the copyrights from  
17 Arsenic & Apple Pie, LLC to himself. Thus, the liability issues of whether Tull infringed by  
18 selling the copyrights to Daniel Gibby should be already be determined in favor of Plaintiff.  
19 Second, the liability issue of whether Daniel Gibby infringed by selling the copyrights to Gibby  
20 Novelties, LLC should be settled in favor of Plaintiff. Third, the liability issue of whether Gibby  
21 Novelties, LLC infringed by publishing and distributing the copyrighted works to the public  
22 should also be settled in favor of Plaintiff.

23 Accordingly, Plaintiff completed his Joint Pretrial Conference Statement under the above  
24 presumptions without the benefit of discussing these issues first with Defendants. After  
25 receiving a draft of the Joint Pretrial Conference Statement, Defendants responded that they  
26 disagree with Plaintiff’s analysis of the Order on the cross-motions for summary judgment and  
27 elected to file their pretrial conference statement separately.

1 **(1) The Action**

2 **(A) Substance of the Action**

3 Plaintiff Paul Montwillo brings this action on the single cause of action for multiple acts  
4 of willful copyright infringement against the three defendants: William Tull, Daniel Gibby, and  
5 Gibby Novelties, LLC.

6 Plaintiff created five novelty dolls and timely registered each with the Copyright Office.  
7 The dolls were manufactured, marketed and distributed by Arsenic and Apple Pie, LLC,  
8 ("AAP") a California limited liability company owned by Plaintiff and Defendant William Tull.  
9 AAP is not a defendant in this action.

10 Plaintiff permitted AAP to use his copyrighted doll designs. Subsequently, Defendant  
11 Tull dissolved AAP against Plaintiff's wishes, liquidating AAP's assets to payoff loans Tull had  
12 made to AAP. Along with AAP's assets, Tull also liquidated the copyrighted inventory and the  
13 actual copyrights and sold them to himself. Plaintiff alleges that this act of liquidating the doll  
14 designs and the inventory is willful infringement of Plaintiff's copyrights.

15 After unlawfully transferring ownership of the copyrights to himself, Tull then sold the  
16 copyrights and the doll inventory to Defendant Daniel Gibby. Plaintiff alleges that by  
17 transferring the copyrighted doll designs and doll inventory to Defendant Daniel Gibby, Tull  
18 engaged in multiple acts of willful infringement of Plaintiff's copyrights.

19 After unlawfully purchasing the copyrighted dolls from Tull, Daniel Gibby transferred  
20 the copyrighted dolls and doll designs to Defendant Gibby Novelties, LLC. Plaintiff alleges that  
21 by transferring the copyrighted dolls and doll designs to Gibby Novelties, LLC, Daniel Gibby  
22 engaged in multiple acts of willful infringement of Plaintiff's copyrights.

23 After unlawfully purchasing the copyrighted dolls from Daniel Gibby, Gibby Novelties,  
24 LLC then marketed, manufactured and distributed the copyrighted dolls and inventory to the  
25 general public. Plaintiff alleges that by manufacturing, marketing and distributing the  
26 copyrighted dolls to the general public, Gibby Novelties, LLC engaged in multiple acts of willful  
27 infringement of Plaintiff's copyrights.

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**(B) Relief Prayed**

Plaintiff has elected to statutory damages pursuant to section 504(c) for willful infringement. 17 U.S.C. § 504(c). The maximum award provided under the statute for willful infringement per act of infringement is \$150,000.00, in joint and several liability. 17 U.S.C. § 504(c)(2).

(i) Award Sought Against William Tull – Plaintiff alleges that Defendant Tull engaged in five acts of willful infringement when he transferred the five copyrighted doll designs from AAP to himself. Plaintiff further alleges that Tull again engaged in an additional five acts of willful infringement by transferring the five copyrighted doll designs to Daniel Gibby. In total, Plaintiff alleges that Defendant Tull engaged in at least ten acts of willful infringement and thus seeks an award of \$1,500,000.00 against Defendant Tull.

(ii) Award Sought Against Daniel Gibby – Plaintiff alleges that Defendant Daniel Gibby engaged in five acts of willful infringement when he transferred the five copyrighted doll designs from himself to Gibby Novelties, LLC. Thus, Plaintiff seeks the maximum possible award for five acts of willful infringement, or \$750,000.00.

(iii) Award Sought Against Gibby Novelties, LLC – Plaintiff alleges that Defendant Gibby Novelties manufactured all five of his copyrighted doll designs, marketed the dolls to the public, and distributed all five dolls to the general public. Plaintiff alleges that each act of reproduction, publication, and distribution is an act of willful infringement of Plaintiff's copyrights. Since Defendant Gibby Novelties, LLC refused to produce any records whatsoever in this case, the number of times Defendant Gibby Novelties, LLC engaged in such acts is unknown to Plaintiff. Nonetheless, Gibby Novelties continues to this day to advertise and sell the copyrighted dolls on the Gibby Novelties, LLC website. Plaintiff believes that Defendant Gibby Novelties, LLC sold no less than 100 copyrighted dolls. Thus, Plaintiff seeks an award of \$15,000,000.00.

(iv) Attorneys' Fees and Costs – Pursuant to section 505 of the Copyright Act, Plaintiff seeks attorneys' fees and costs in an estimated amount of \$120,000.00. 17 U.S.C. § 505.

**(2) The Factual Basis of the Action**

**(A) Undisputed Facts** – Below are the undisputed facts as presented by Plaintiff to Defendants. Defendants have elected to submit their own list of facts separately.

1. Paul Montwillo is the lawful owner of copyrights to all five dolls at issue.

2. Paul Montwillo did not convey a license to use the copyrights to Daniel Gibby.

3. Paul Montwillo did not convey a license to use the copyrights to Gibby Novelties, LLC.

4. William Tull willfully infringed Paul Montwillo's copyrights by transferring them to Daniel Gibby.

5. Daniel Gibby willfully infringed Paul Montwillo's copyrights by transferring them to Gibby Novelties, LLC.

6. In July 1997, Tull and Montwillo entered into a partnership agreement to create and distribute dolls created by Montwillo.

7. In fall of 1998, Tull and Montwillo converted the partnership into a limited liability company.

8. The partnership agreement does not contain any language that would transfer, assign or otherwise convey intellectual property to the partnership or Tull.

9. In 2000, Tull and Montwillo entered into an Operating Agreement for the limited liability company as equal financial contributors and members.

10. The Operating Agreement does not contain any language that would transfer, assign or otherwise convey intellectual property to the limited liability company or William Tull.

11. During the years of the partnership and limited liability company, Montwillo designed, developed and helped market the first three dolls: "Trailer Trash Doll," "Blonde Drag Queen," and "Redhead Drag Queen."

12. The dolls were manufactured, developed, financed and distributed by Arsenic and Apple Pie.

1           13. In April 2003, Tull attempted to purchase Montwillo's share in Arsenic  
2 and Apple Pie, LLC by presenting him with two written purchase agreements. The purchase  
3 agreements contained language that would assign Montwillo's copyrights to the company.

4           14. Montwillo accepted the offer to purchase his share and his copyrights, but  
5 Tull withdrew his offer.

6           15. In June 2004, Tull initiated the dissolution and windup of limited liability  
7 company and formally dissolved it on July 12, 2004.

8           16. At the time of dissolution, Arsenic and Apple Pie, LLC, liquidated its  
9 assets and offered them for sale to the highest bidder.

10           17. There were no bids or offers.

11           18. In satisfaction of loans Tull provided to Arsenic and Apple Pie, he took  
12 the remaining doll inventory and the intellectual property rights to all five dolls.

13           19. Montwillo sent a letter to Tull's attorney claiming his copyrights and  
14 protesting Tull taking them.

15           20. On June 15, 2004, Tull sold defendant Daniel Gibby (Tull's domestic  
16 partner) the remaining inventory and the intellectual property rights to the dolls and designs.

17           21. Daniel Gibby then assigned the dolls and the intellectual property rights to  
18 the dolls and designs to defendant Gibby Novelties, LLC, a company he has just formed.

19           22. Gibby Novelties, LLC manufactured, marketed and sold the dolls based on  
20 Montwillo's designs.

21           23. The dolls appeared on "The Tonight Show with Jay Leno" as a prized  
22 Christmas gift in late 2005.

23           24. The dolls have enjoyed wide distribution.

24           **(B) Disputed Facts.**

25           1. Did Paul Montwillo give Arsenic and Apple Pie, LLC a non-exclusive  
26 implied license to use his doll designs?

27           2. Did Paul Montwillo give William Tull a non-exclusive implied license to  
28 use his doll designs?



David Wong, attorney for Defendants Gibby Novelties, LLC and Daniel Gibby assured Plaintiff on the record at William Tull's March 20, 2008 deposition that Gibby Novelties, LLC and Daniel Gibby would produce records of doll sales, but failed to do so.

*MR. SOMMERS: And while we have everybody here, I want to get on the record. Mr. Wong, do you have any intention of producing any documents relating to Gibby Novelties which I requested in our document request?*

*MR. WONG: With regard to the documents of Gibby Novelties –*

*MR. SOMMERS: You have yet to produce a shred of -- not a single piece of paper that has anything to do with Daniel Gibby or Gibby Novelties. I don't have an email; I don't have any financial information; I don't have any sales information which all have been requested.*

*MR. WONG: Well –*

*MR. SOMMERS: Do you have any intention of producing any of those documents?*

*MR. WONG: I understand that. I've reviewed it. I believe that with regard to the documents that pertain strictly to the doll sales, that those can and will be produced. But those documents that I do have require expunging of excess material that does not relate to that case.*

*MR. SOMMERS: When will you get me those documents? They were due over a week ago.*

*MR. WONG: Well, I believe they'll be produced probably in the next week and a half.*

*MR. SOMMERS: The next week and a half?*

*MR. WONG: Yeah.*

Tull Depo., 109:18-110:18.

“Even without prior court order, a party who failed to comply with the mandatory disclosure provisions of Rule 26(a), or the supplemental disclosure provisions of Rule 26(e)(1), is subject to an *automatic* sanction: Witnesses, documents or other information not properly disclosed cannot be used as evidence. [FRCP 37(c)(1)]. Schwarzer, Tashima, Wagstaffe, *California Practice Guide: Federal Civil Procedure Before Trial*, section 11:2340, The Rutter Group (2007).

1           **(B) Proposed Conclusions of Law** – Not applicable.

2           **(4) Trial Preparation**

3           **(A) Witnesses to be Called** – Plaintiff intends to call four witnesses: Paul Montwillo,  
4 William Tull, Daniel Gibby and David Wong.

5           **(B) Exhibits, Schedules and Summaries** – Attached

6           **(C) Trial** – Proposed voire dire questions, proposed jury instructions, and proposed  
7 jury verdict form are submitted separately through ECF.

8           **(D) Estimate of Trial Time.** Three days including jury selection.

9           **(E) Use of Discovery Responses.** Plaintiff does not intend to affirmatively use any  
10 discovery responses.

11           **(F) Further Discovery or Motions.** Plaintiff has filed five motions in limine.

12           **(5) Trial Alternatives and Options**

13           **(A) Settlement Discussion.** The parties unsuccessfully attempted settlement  
14 discussions with Judge Larson on March 4, 2008. Parties are scheduled to meet with Judge  
15 Larson at 2:00 p.m. on Monday, June 23, 2008.

16           **(B) Consent to Trial Before a Magistrate Judge** – The parties do not consent to trial  
17 before a magistrate judge.

18           **(C) Amendments, Dismissals** – No amendments are requested.

- 19           1. **Bifurcation, Separate Trial of Issues** – The parties do not seek bifurcation or separate  
20 trial of issues.

21  
22 Dated: June 23, 2008

SOMMERS LAW GROUP

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24 \_\_\_\_\_  
25 Stephen Sommers  
26 Attorney for Plaintiff/Cross-Defendant  
27 Paul Montwillo  
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